APPENDIX A

U.S. DEPARTMENT OF COMMERCE
Patent Office
Washington, D.C. 20231

March 2, 1967

Re: Application of
Robert J. Ebbert
Serial No. 308,411
Filed September 12, 1963
For: Mounting Frame for
Electronic Components

On Petition

This is a petition, filed February 10, 1967, for the late acceptance of the issue fee in the above-identified application in which a notice of allowance was mailed April 14, 1966. The showing submitted would justify acceptance of the fee except for the fact that neither the fee nor the petition was filed within three months after the date when the fee was due (July 14, 1966), as required by 35 U.S.C. 151. Notwithstanding the arguments ably advanced by the petitioner it is considered that the express language of that section clearly prohibits the Patent Office from accepting an issue fee which is first tendered more than three months after it is due.

It is the petitioner's contention that an application in which the fee is not timely paid is abandoned and may be revived upon a showing of the type contemplated by 35 U.S.C. 133, regardless of the lapse of time. It is not thought, however, that the payment of the issue fee constitutes prosecution of the application within the meaning of section 133, which refers to times of six months or "not

less than thirty days as fixed by the Commissioner," whereas the three month period for payment of the issue fee is fixed by the statutes and the Commissioner could not reduce it to thirty days. Moreover, if section 133 were intended to apply to late payment of the issue fee, there is no apparent reason why a separate and different provision for the same payment should have been incorporated in section 151.

Finally, even assuming that a case in which the issue fee is not timely paid could be regarded as an abandoned application under section 133, it is not seen that this would strengthen the petitioner's position. There is nothing in that section which is inconsistent with the express provision of section 151 that revival of a case which has become abandoned through failure to pay the issue fee can be effected only if the fee is presented within three months after it is due. This might properly be regarded as an additional limitation to section 133, applying to that particular type of abandoned case. Section 133 does not state that there can never be a limit to the time within which a petition to revive must be filed.

It would appear that the interpretation urged by the petitioner would render the fourth paragraph of section 151 entirely meaningless and superfluous, and it is not thought that such an interpretation should be adopted unless no other reasonable one is possible.

It is held that the Patent Office is without jurisdiction to accept the issue fee in this case and the petition is accordingly dismissed.

Edwin L. Reynolds
First Assistant Commissioner

Harness, Dickey and Pierce
700 Fisher Building
Detroit, Michigan 48202

APPENDIX B

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

Civil Action 614-67

Robert J. Ebbert, Et al, Plaintiffs,

v.

Edward J. Brenner, Commissioner of Patents, Defendant.

Washington, D.C.
September 8, 1967.

The above cause came on hearing of motion for summary judgment before the Honorable Alexander Holtzoff, United States District Judge.

Appearances:

For the Plaintiffs: John A. Blair, Esq., Richard E. Dibner, Esq.

For the Defendant: Samuel W. Cochran, Esq. Patent Office Solicitor.

[2] OPINION OF THE COURT

The Court: Title 35, United States Code, Section 151 provides for the payment of a fee for a patent after notice of allowance has been issued to the applicant. The last sentence of that section provides that if any payment required by this section is not timely made but is submitted with the fee for delayed payment within three months after the due date and sufficient cause is shown for the

late payment, it may be accepted by the Commissioner as though no abandonment or lapse had ever occurred.

The Solicitor for the Patent Office very cogently and ably argues that that section is exclusive and that therefore, unless a fee is tendered within three months after the due date, it cannot be accepted subsequently, no matter what the excuse.

However, Section 133 provides that upon failure of the applicant to prosecute the application within six months after any action therein of which notice has been given or mailed to the applicant, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable.

It is the view of this Court that the prosecution of [3] an application is not completed until the fee is paid and the patent issues; it is not concluded at the time of the allowance of the patent.

Therefore, Section 133 is equally applicable to the situation presented in this case and therefore the provision of Section 151 is not exclusive.

Under the circumstances, it is open to the applicant to show that the delay in paying the fee was unavoidable.

The admitted facts in this case are that the failure to pay the fee in time was an inadvertent clerical error in the office of a busy law firm. To deprive people of valuable rights for such an error seems an unwarranted hardship.

The Court is of the opinion that Section 133 is applicable, as well as Section 151, and they are not mutually exclusive and the applicant has a remedy under either section.

As the Court understands it, it is not disputed that if Section 133 is applicable the plaintiff is entitled to relief,

and accordingly, the plaintiffs' motion for summary judgment is granted.

You may submit an order.

REPORTER'S CERTIFICATE

Certified as the official transcript of proceedings.

Gerald Nevitt.

JUDGMENT

The above cause having come on before the court on this 8th day of September, 1967, on the Plaintiffs' Motion for Summary Judgment and Defendant's Motion for Summary Judgment and the parties thereto having been heard:

It Is Hereby Ordered, Adjudged and Decreed that

1. The Defendant's Motion for Summary Judgment be denied,

2. The Plaintiffs' Motion for Summary Judgment be granted, and the action of defendant in dismissing Plaintiffs' Petition to Revive the abandoned application of Robert J. Ebbert, Serial No. 308,411, filed September 12, 1963, for Mounting Frame for Electronic Components is hereby set aside, and

3. The defendant be and he is hereby ordered to revive said abandoned application pursuant to the provisions of Title 35 USC Section 133, accept the issue fee which has been tendered, and issue Letters Patent on said application to plaintiff Design Products Corporation as assignee of Robert J. Ebbert.

Alexander Holtzoff,
U. S. District Judge.

Date: September 18, 1967.

APPENDIX C

UNITED STATES COURT OF APPEALS
For the District of Columbia Circuit

No. 21,346

Edward J. Brenner, Commissioner of Patents,
Appellant

v.

Robert J. Ebbert and Design Products Corporation,
Appellees

Appeal from the United States District Court
for the District of Columbia

Decided May 23, 1968

Mr. S. William Cochran, Attorney, United States Patent Office, with whom *Mr. Joseph Schimmel,* Solicitor, United States Patent Office, was on the brief, for appellant.

Mr. John A. Blair, with whom *Mr. John W. Malley* was on the brief, for appellees. *Mr. William K. West, Jr.,* also entered an appearance for appellees.

Before Bazelon, *Chief Judge,* and Wright and Tamm, *Circuit Judges.*

Tamm, *Circuit Judge:* This case concerns a question of procedure in the Patent Office. After applying for a patent, appellee Ebbert received from the Patent Office a notice of allowance, dated April 21, 1966. It was captioned "NO-

TICE OF ALLOWANCE AND ISSUE FEE DUE," and among other things stated: "With the allowance of the application, the above indicated Issue Fee becomes due and payment must be made *within three months of the date of this Notice or the Patent will become abandoned (forfeited).*" (Emphasis supplied.) Joint Appendix at 54. The issue fee was not paid within three months because of a clerical error on the part of appellees' counsel. On February 10, 1967, appellees tendered the fee, but appellant Commissioner of Patents rejected the tender on the ground that he had no authority to accept the fee after October 21, 1966, *id est,* more than an *additional* three months after the due date of July 21, 1966, set in the notice of allowance. The Patent Office practice had been—and is now—to send applicants a "NOTICE OF FORFEITED APPLICATION" when the issue fee was not paid within the initial three month period after issuance of the notice of allowance. However the practice was suspended from August 4, 1966 until March 1, 1967, as a result of an unusually heavy workload, and no such notice was sent to appellees.

When they tendered the fee, appellees petitioned the Commissioner to revive the abandoned application. The Commissioner dismissed the petition and appellees brought suit in the District Court to set aside that dismissal. They also sought to compel revival, acceptance of the issue fee and issuance of a patent. Cross motions for summary judgment were made, appellee's motion was granted and this appeal was taken.

Two statutes, 35 U.S.C. §133 (1964) and 35 U.S.C. §151 (Supp. II, 1965-66), are involved. They provide:

> §133. Time for prosecuting application
>
> Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the ap-

plicant, or within such shorter time, not less than thirty days, as fixed by the Commissioner in such action, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable.

§151. Issue of patent

If it appears that applicant is entitled to a patent under the law, a written notice of allowance of the application shall be given or mailed to the applicant. The notice shall specify a sum, constituting the issue fee or a portion thereof, which shall be paid within three months thereafter.

Upon payment of this sum the patent shall issue, but if payment is not timely made, the application shall be regarded as abandoned.

Any remaining balance of the issue fee shall be paid within three months from the sending of a notice thereof and, if not paid, the patent shall lapse at the termination of this three-month period. In calculating the amount of a remaining balance, charges for a page or less may be disregarded.

If any payment required by this section is not timely made, but is submitted with the fee for delayed payment within three months after the due date and sufficient cause is shown for the late payment, it may be accepted by the Commissioner as though no abandonment or lapse had ever occurred.

The fourth paragraph of §151 specifically authorizes the Commissioner to accept issue fees if they are tendered with a fee for delayed payment, "within three months after the due date . . ." and if "sufficient cause is shown for the late payment . . . ." Thus it is clear that the section does not authorize acceptance of the issue fee here, tendered

more than six months after the due date. Appellees argue —and the District Court found—that §133 allows the acceptance of issue fees without time limitation, if the more strict standard of "unavoidable delay" is met.[1] This position is premised on a conclusion that that section's phrase "prosecute the application" encompasses all action taken by an applicant up to and including securing issuance of a patent. The Commissioner says the two sections are mutually exclusive, that §151 is clearly applicable and that he has no authority to accept the issue fee more than three months after the due date.[2] We agree.

A stated purpose of the 1965 amendments to §151 was "to expedite the prosecution of patent applications and thus make new technology available to the public at an earlier date." S. Rep. No. 301, 89th Cong., 1st Sess. 1 (1965). The prior time limit fixed the due date for payment of the issue fee at six months after the notice of allowance but authorized the Commissioner to accept late payment for one year after the due date. The 1965 amendments modified these time limits, making the due date three months after the notice of allowance and authorizing the Commissioner to accept the fee for an additional three months after the due date on a showing of "sufficient cause." (The statute did not theretofore require such a showing.) If §133 were construed as allowing an abandonment to be revived at any time, the purpose of hastening the beginning—and hence the expiration—of the seventeen year monopoly period would be frustrated.

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[1] It was conceded that appellees' delay in tendering the issue fee was "unavoidable." Joint Appendix at 19.

[2] Although their validity is not in issue, Patent Office intraoffice procedures clearly construe §151 as being exclusively applicable to the late payment of issue fees. *See* Manual of Patent Examining Procedure §712 (current ed.).

Sections 133 and 151 are contained in separate chapters of Title 35. Chapter 12, titled "Examination of Application," contains §133, while Chapter 14, titled "Issue of Patent," contains §151. This dichotomy is strong evidence that the phrase "prosecute the application" in §133 comprehends only action taken by an applicant through gaining allowance of his application, because examination of the application is completed at that point. Congress established a separate statutory framework for what remains —issuance of the patent. It is a relatively ministerial act; if the issue fee is timely tendered, the patent must issue.

Because little legal work of consequence is involved in tendering the issue fee, there is no need for an unlimited time within which to "respond." Thus there is nothing inherently unreasonable in §151 and its requirement that the issue fee be paid within three months after the due date. In contrast, it is not uncommon before an application is allowed for considerable legal work requiring substantial amounts of time and attendant delays to be involved. For all the foregoing reasons, we hold §151 to be exclusively applicable to this situation.

We are now confronted with appellees' contention that if §151 is exclusively applicable it deprives them of property without due process of law. Such a deprivation requires two elements: 1) the application here, though a patent had not been issued, must have amounted to a property right and 2) deprivation of the right following the notice given here must have denied appellees due process.

We have considerable doubt whether appellees' allowed but unissued patent is "property" as that term is used in the fifth amendment. See for example, *DeFerranti v. Lyndmark*, 30 App. D.C. 417, 425 (1908) where we noted that "in a patent, no vested right of which the applicant cannot be deprived is acquired under the preliminary pro-

ceedings leading up to its issuance. The condition, however, is different after the patent is issued." Also in *Mullins Mfg. Co. v. Booth*, 125 F.2d 660, 664 (6th Cir. 1942), the court said: "The right of Booth to his invention while his application is pending is an inchoate right, which matures as property when the patent issues, and it may have great prospective value."

Assuming for the sake of argument, however, that a property right exists here, we conclude that the notice fully satisfied due process requirements. Those requirements were spelled out by the Supreme Court in *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306, 314-15 (1950):

> An elementary and fundamental requirement of due process in any proceeding which is to be accorded finality is notice reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections. *Milliken v. Meyer*, 311 U.S. 457; *Grannis v. Ordean*, 234 U.S. 385; *Priest v. Las Vegas*, 232 U.S. 604; *Roller v. Holly*, 176 U.S. 398. The notice must be of such a nature as reasonably to convey the required information, *Grannis v. Ordean, supra*, and it must afford a reasonable time for those interested to make their appearance, *Roller v. Holly, supra*, and *cf. Goodrich v. Ferris*, 214 U.S. 71. But if with due regard for the practicalities and peculiarities of the case these conditions are reasonably met, the constitutional requirements are satisfied.

The Commissioner's notice specifically stated that "payment must be made within three months of the date of this Notice or the Patent will become abandoned (forfeited)." Appellees concede it was received. Indeed they

responded to it by paying the issue fee in another pending application, because of a clerical error. The Constitution requires notice reasonably designed to forewarn against approaching default; but it does not insure against the effects of a mistaken response to timely notice knowingly received.

The judgment of the District Court appealed from is reversed.

Reversed.

UNITED STATES COURT OF APPEALS

For the District of Columbia Circuit

No. 21,346 September Term, 1967
Civil 614-67

Edward J. Brenner, Commissioner of Patents,
Appellant.

v.

Robert J. Ebbert and Design Products Corporation,
Appellees.

Appeal from the United States District Court for the District of Columbia.

Before: Bazelon, Chief Judge, and Wright and Tamm, Circuit Judges.

JUDGMENT

This cause came on to be heard on the record on appeal from the United States District Court for the District of Columbia, and was argued by counsel.

On consideration whereof It is ordered and adjudged by this Court that the judgment of the District Court ap-

pealed from in this cause be, and it is hereby, reversed, and that this cause be, and it is hereby, remanded to the District Court for proceedings not inconsistent with the opinion of this Court.

Per Circuit Judge Tamm.

Dated: May 23, 1968.

APPENDIX D

EXHIBIT E

Composite Copy of Complaint and Answer as Amended

Complaint

1. This action arises under Title 5, USC, Section 701 through 706; Title 28, USC, Sections 1331 and 1361; Title 35, USC, Section 133, and the Fifth Amendment to the Constitution of the United States, as hereinafter more fully appears. The matter in controversy exceeds, exclusive of interest and cost, the sum of Ten Thousand Dollars ($10,000.00).

Answer

1. Defendant admits the allegation that the case arises under Title 5, USC, Sections 701 through 706 and Title 28, USC 1361. Defendant denies the allegations of this paragraph of the complaint that this action arises under Title 35 USC, Section 133, Title 28, USC, Section 1331, of the Fifth Amendment to the Federal Constitution. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations regarding the amount of money involved, and therefore, defendant denies said allegations.

Complaint

2. Plaintiff Robert J. Ebbert is the inventor and plaintiff Design Products Corporation is the owner of record of United States Patent Application Serial No. 308,411, filed September 12, 1963, by said Robert J. Ebbert for Mounting Frame for Electronic Components. Plaintiffs having complied with the requirements of law, defendant

on April 21, 1966, mailed to plaintiffs a notice of allowance of said patent application, together with notice that an issue fee of $124 must be paid to the Patent Office within three months of the date of said notice of allowance, i.e. by July 21, 1966.

Answer

2. Admitted.

Complaint

3. The issue fee was not paid within said three months and the aforesaid application became abandoned by operation of law on July 21, 1966.

Answer

3. Admitted.

Complaint

4. The failure to pay said issue fee was unavoidable and was due to a clerical error which resulted in the payment of the fee due in another pending application in the belief that the payment of the fee due in said application Serial No. 308,411 was being made, in consequence of which neither plaintiffs nor their attorneys were aware of the default in paying said fee or aware of the abandonment of said application until February 2, 1967, on which date the error was first noted.

Answer

4. Defendant admits that allegations analogous to those made in this paragraph of the amended complaint were made by plaintiffs in the "Petition to Revive Abandoned Application", referred to in paragraph 6 of the amended complaint.

Complaint

5. Defendant gave plaintiffs no notice of plaintiffs' default in paying said issue fee and no notice of the abandonment of said application Serial No. 308,411; although prior to the effective date (October 24, 1965) of the 1965 amendment of 35 USC, Section 41 and 151 it was the practice of defendant and his predecessors to give timely notice of default in paying issue fees (see representative examples attached hereto as Exhibits A, B & C) and it is the present practice of defendant to give such notice (see representative example attached hereto as Exhibit D).

Answer

5. Defendant admits the allegations of this paragraph of the complaint, but defendant denies, that plaintiff had any statutory right to such notice or that failure to give plaintiff notice of default or abandonment violated any statutory or legal rights of plaintiff.

Complaint

6. On February 10, 1967, plaintiffs tendered and filed with the United States Patent Office said issue fee of $124 and a "Petition to Revive Abandoned Application" under the provisions of Title 35, USC, Section 133, and Rules 137 and 181 of the Patent Office Rules of Practice, asking defendant to revive said application and accept the tendered issue fee. Said petition was accompanied by the statutory fee of $15 for filing said petition and a verified showing of the reasons for the delay in paying said issue fee.

Answer

6. Admitted.

Complaint

7. The verified showing which was made by plaintiffs in support of said petition was adequate to satisfy defendant that the delay in paying the issue fee was unavoidable within the meaning of Title 35, USC, Section 133, but defendant on March 2, 1967, dismissed said petition on the grounds that Section 133 was not applicable and that defendant was precluded by 35 USC, Section 151 from accepting the issue fee more than three months after the due date even though the delay was unavoidable.

Answer

7. Defendant admits that the verified showing which was made by plaintiffs in support of the petition, referred to in paragraph 6 of the amended complaint, would be adequate to satisfy defendant that the delay in payment of the issue fee was unavoidable within the meaning of 35 USC 133, if that section were applicable but defendant denies that 35 USC 133 is applicable. Defendant admits that the petition was dismissed on the grounds alleged in this paragraph of the amended complaint.

Complaint

8. Defendant has the jurisdiction and right under Title 35, USC, Section 133 to revive said abandoned application, accept said issue fee and grant the patent.

Answer

8. Denied for reasons hereinafter given.

Complaint

9. The defendant has deprived plaintiffs of their property without due process of law in violation of the Fifth Amendment of the Constitution of the United States by

failing to give plaintiffs timely notice of said default in payment and by construing 35 USC, 151 to preclude a petition for revival under 35 USC, 133 more than three months after the default.

Answer

9. Denied for reasons hereinafter given.

Complaint

10. Defendant, in dismissing the petition of plaintiffs as aforesaid, has interpreted Title 35, USC in a manner which is clearly erroneous, unreasonable and arbitrary, not in accordance with law, short of plaintiffs' statutory rights, and without observance of procedure required by law.

Answer

10. Denied for reasons hereinafter given.

Complaint

11. The aforesaid action of defendant is a final agency action for which there is no other adequate remedy in a court.

Answer

11. Admitted.

Complaint

12. Plaintiffs, through unjustified loss of valuable patent rights and of their investment in said patent application, have suffered legal wrong because of the above-described action of defendant and are adversely aggrieved by said action under Title 35, USC.

Answer

12. Defendant denies the allegations of this paragraph of the complaint, respecting legal wrong done plaintiffs, because of defendant's action, and defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of this paragraph.

Complaint

13. Defendant has the ministerial duty under Title 35, USC, Section 133, to revive said abandoned application, accept said issue fee and grant the patent on a showing to his satisfaction that the delay in paying the issue fee was unavoidable.

Answer

13. Defendant denies the allegations of this paragraph of the amended complaint, for reasons hereinafter given.

Further Answering, defendant denies that plaintiffs are entitled to an order holding unlawful and setting aside defendant's denial of a petition to revive plaintiffs' application Serial No. 308,411, as requested in the prayers of the complaint, because the defendant is without authority under the law to revive said application, for the reasons set forth in the decision of the First Assistant Commissioner in said application. Profert of said decision is hereby made.

Complaint

Wherefore Plaintiffs Pray that this Honorable Court:

1. Hold unlawful and set aside said action of defendant dismissing plaintiffs' petition to revive the aforesaid abandoned application, and

2. Direct defendant to revive said abandoned application pursuant to the provisions of Title 35, USC, Section 133, accept said issue fee and issue Letters Patent on said application.